

TWELVE PAGES.

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Changing Gold Policy Flirts With a Moderate Inflation

Compromise on Sterilization Forced by Stake of Foreigners in United States Supply. Price Held Too High.

By HERBERT M. BRATTER.

NCE more the newspaper headlines flash announcement of a change in the Government's gold policy. Mr. Morgenthau says this, Mr. Eccles says that; \$400,000,000 pass across the front page, and then the radio announces Charlie McCarthy again.

So what, Mr. Streetcar Conductor and Miss Telephone Operator? What is it all about? You and I cannot count to 400,000, to say nothing of the meaningless billions that scintillate in the news like diamonds in politicians' dreams. "Four hundred million dollars!" It's just a great big number out of our ken.

Is this latest monetary gesture going to take something out of our pockets or increase our weekly pay envelope? Or is everything going to remain the same on Saturday night? You and I don't know. And, what's more, Mr. Morgenthau doesn't know.

Nobody knows. We're just riding a great big, lumbering economic bus, subject to millions of stresses and strains. The bus doesn't seem to have enough go to it, so every once in a while, some one jumps off to give it a push this way or that. Mr. Eccles thinks it will make it go better to add a few billions of high-test gas to the fuel. Mr. Morgenthau wants it to chug along now by itself. And then along comes the Committee for the National Senatorial Friend and says the easiest course of all is a push downhill.

Foreigners Bought Dollars.

What was announced on Monday was a change in the policy toward "sterilized gold." Not all our gold, just part of it. Under the original plan of cheapening the dollar introduced with such vigor in 1933, foreigners with money found it very much worthwhile to change their pounds and francs into American smackers. The sudden increase in the price of gold from \$20.67 per ounce to \$35 per ounce made the dollar very cheap to foreigners. But it didn't greatly affect our money's purchasing power at home. So they brought their money here to invest, brought it in the form of gold.

Thanks to the four-year influx of European money, this country's hoard of the yellow metal swelled enormously. In mid-1933 we had 4½ billion dollars of gold. A year later, after the mark-up, we had 7-8 billion. But, with the heavy inflow that followed, plus new mine production at home, our national gold stock has mounted to nearly 13 billion dollars today.

That is a heap of metal. It is equal to more than half of all the monetary gold mined through the centuries and now held by all the world's banks and governments outside of Russia. And it belongs to each and every one of us. It is "the ultimate tangible security behind our Federal Reserve notes and our millions of silver certificates." And all you need to do to get your hands on a bit of it—that is if you have some paper dollars to start out with—is to become an Englishman or a Frenchman or something. It's against the law for American citizens to hold gold coin or bullion. It may sound cockeyed, but that's the way it is.

Heavy Burden of Gold.

Getting back to the matter of last Monday's Treasury announcement, from the South African Rand to the Arctic Circle in Siberia, thousands of persons have been put to work to find more and still more gold. The arrival of that bullion in the United States by the millions of dollars' worth eventually became a cause of concern to Washington authorities. For, according to our law and custom, gold turned over to the Government automatically becomes money. Not only was the dollars as good as gold, gold was officially declared as good as dollars. An ounce of gold, once as good as \$20.67, has since January, 1934, been made by Congress as good as \$35, which is very nice for you if you have gold to sell.

Incoming gold in 1934, 1935 and 1936 automatically became money, and money was spending power for its foreign owners. During the latter part of 1936 it was evident to financial Washington that something like a boom in securities and commodities prices was under way here, and that this ever-flowing gold was only adding more fuel to the flames. Now that we had a "managed currency," to leave such a situation entirely unchecked didn't make sense. So Gov. Eccles and Secretary Morgenthau put their heads together and decided that it would be wise in the future for the Treasury to buy up the golden "fuel" as it should arrive, and store it safely in a sealed bin, as it were. Then, whenever foreigners should decide they wanted their money back, since the dollar is as good as gold they should have it in gold, the very same gold stored in that inactive bin. The Treasury had a word for this new system. The incoming gold was to be "sterilized." Inflation now had a ceiling. It was hoped.

Under the circumstances, the "sterilization" move in 1936 was a logical one, although it involved certain cost and inconvenience to the Treasury. The latter was already running a deficit. To buy the newly imported gold necessitated additional borrowing. But the end was deemed worth the price, if the move would serve to help keep the boom within bounds.

Boom Gave No More.

What worry is no more. Today there is no boom. Instead we have had a severe depression. There is thus considerable logic in now relaxing one of the measures imposed in 1936 to restrain the boom, that is, the country gives the expected psychological response to the announcement.

One may ask why the restraint of "sterilization" was not applied sooner to the boom of 1935-36, or why the sterilization policy was not more vigorously reversed in September, 1937, when \$300,000,000 of sterilized gold were de-sterilized? In part the answer is that money managers cannot see much further ahead than you or I. In part, also, it lies in the difference of opinion between the heads of the Treasury and the Federal Reserve System. That's why the announcement of last Monday represented a compromise.

Secretary Morgenthau has finally in-

duced the balanced-budget theory. Also, thanks to the Social Security taxes, which are income taxes on all workers, the necessity of large public borrowing was dwindling, when the present business recession developed. Instead of borrowing from the banks and capitalists, the Treasury has been borrowing the accumulating Social Security reserves, as provided by law.

Eccles Thinks It's Wrong.

Because of the present depression, Chairman Eccles thinks this is just the wrong policy for us to be following now. Mr. Eccles' own theory he describes as the "compensatory" principle of Government finance. When business is bad, he says, the Government should spend, and when business is good, the Government should reduce its expenditures.

In 1936 the Government spent about 3,500 million dollars more than it collected, due largely to soldiers' bonus payments of 2,000 million dollars. Then, in 1937, during 11 months the Government spent only 450 million dollars more than it took in, according to Mr. Eccles. "It certainly would seem that it would have been better if less had been expended in 1936 and more in 1937; in other words, if in 1936 while credit was expanding and private activity was under way, there had been some lessening in Government expenditures, then if in 1937 the Government had been prepared to increase the contribution to the community to offset the decrease in private spending."

So in discussing, in January, ways and means of relieving unemployment, Chairman Eccles outlined the advantages he saw in a policy of de-sterilization of gold by the Treasury, meaning by "de-sterilization" the depositing of that gold with the Reserve System and the expenditure by the Government of the resultant balances set up in its bank accounts. To use the sterilized gold as a means of buying back the Government securities which were originally issued would not, Mr. Eccles argued, be as stimulating to business as would be its use for expenditures. If the Government spent those funds, they "would then go out throughout the country and would become increased deposits in the banks, and they would also increase the excess reserves." * * * It would be inflationary. At least, it would be anti-deflationary. * * * A billion dollars of increased spending, if it worked quickly enough, and went into consumer-buying power, would act as a very great stimulus, in my opinion, and would tend, I think, to stop the recession."

Foreign Wants Anticipation.

That, in a nutshell, is Mr. Eccles' view. But Mr. Morgenthau has in mind the day when foreigners will come to us and say: "Uncle Sam, I'd like some of my money back, and in gold please." If the gold has been put into the banking and credit system, and is then withdrawn for payment to foreigners, credit will tend to be contracted, and we will experience a measure of "deflation." So the Secretary wants to keep that nest egg of 1,220 million dollars of sterilized gold for such an emergency. It is thus evident why the latest gold announcement represents a compromise between Messrs. Eccles and Morgenthau. The 1,220 million dollars is not being de-sterilized as Mr. Eccles apparently wanted, neither in whole nor in part. That nest-egg remains secure. But, with regard to future gold acquisitions, whether from abroad or from our own mines, the sterilization policy has now been abandoned to the extent of 100 million dollars per three-month period. Should more than 100 million dollars of gold per quarter come to the Treasury, it will be sterilized. But anything less than that will be allowed to become bank money. It will be added to the "credit base."

Under Private Ownership.

The future gold inflow up to 100 millions per quarter, please note, will represent balances belonging to private persons, not to the Government. Their expenditure or investment is therefore not directed by Washington, but by their private owners. Any foreign demand for gold will continue to be met out of the present 1,220 million dollars of sterilized metal, just as if there had been no conferences between Mr. Eccles and Mr. Morgenthau. If Mr. Eccles, then, is to get his "billion dollars of increased spending, quickly" it seems he will have to try another avenue of approach. Do not conclude from this that we Americans are done with "pump-priming" and with "shots in the arm." The present modification of our gold policy, at a time when bank reserves already are admittedly very adequate, is described as "psychological" in purpose. But if business still doesn't soon improve, if unemployment drags on and increases, people who vote will demand something more tangible than an announcement that the Treasury is again letting foreign and domestic gold sellers deposit their funds in New York as of yore, without counterbalancing their action. In other words, the latest gold move is not itself highly significant as inflation. It is more significant as a reminder that there are inflation groups who require appeasing.

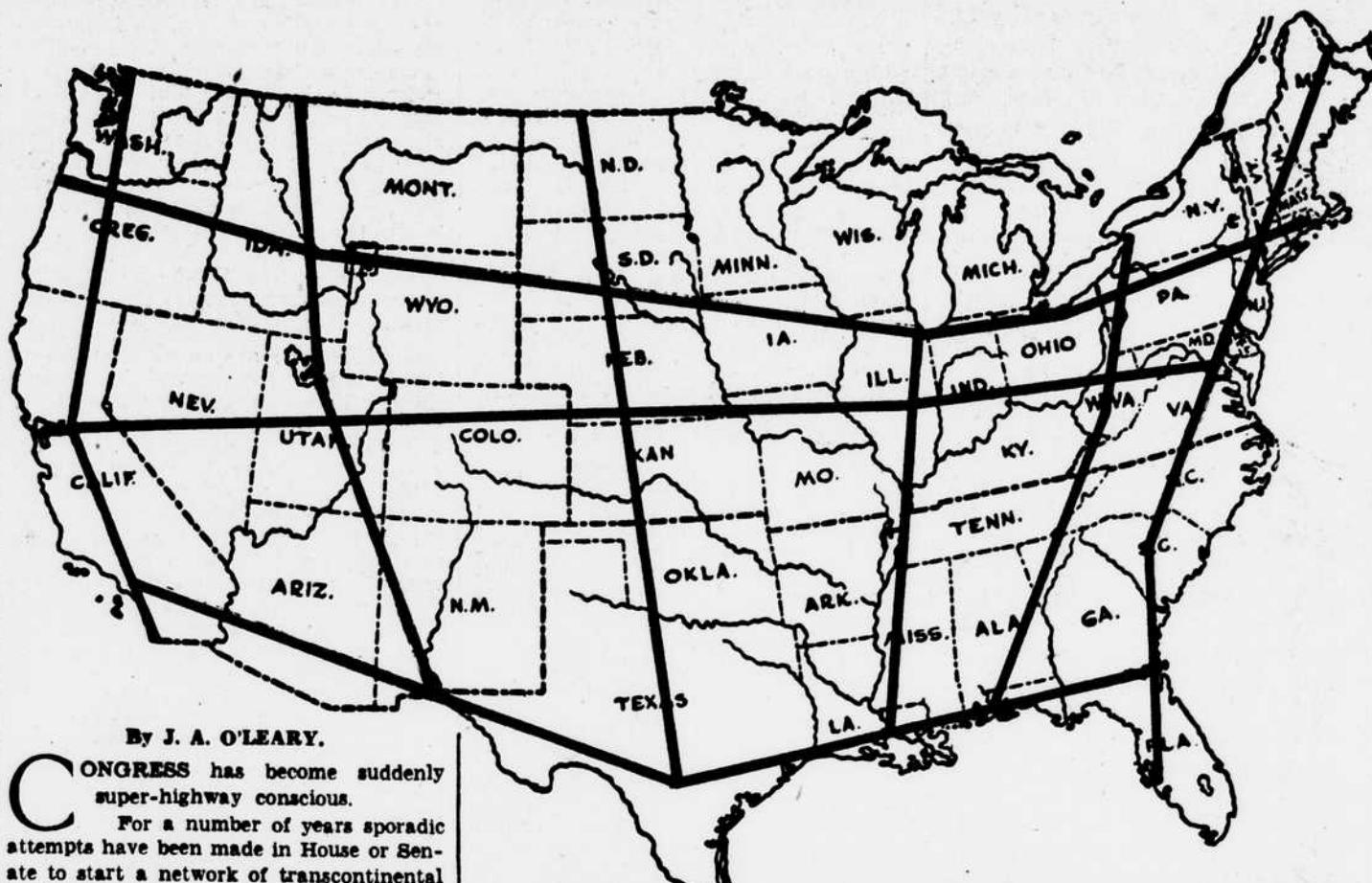
Seek Cheaper Dollars.

For example, that private group, the Committee for the Nation, which was so influential in bringing about the increase in the price of gold in 1933-4, is again soliciting the ear of Congress. It is supporting the resolution of Senator Elmer Thomas, who wants not only complete release of all the sterilized gold now on hand, but a further increase in the price of gold and a cheapening of the dollar. This group wants inflation. It wants prices to go up. It argues that when prices go up unemployment is reduced and new jobs are made.

But when prices go up, our weekly pay buys less. To attempt to cure depression by introducing a high cost of living doesn't make sense to any one on a pay roll. It's the same old argument we listened to in 1932 and 1933. The country then tried that experiment. But unemployment is still with us. It didn't work. It would be comforting to know that we had learned our lesson.

Pursuing Recovery Along Highways

The Plan for a Self-Liquidating System of Transcontinental Roads Receives New Support in Congress.



This layout of proposed super-highways, outlined in the bill of Representative Snyder of Pennsylvania, is only one of a number of plans that have been suggested. This calls for three east-to-west and six north-to-south. Representative Keller of Illinois is proposing a network of 64 shorter routes linking together important cities. State capitals and the National Capital. Still others contend specific routes should not be written into law, but worked out by Government officials. Other proposals probably will be advanced before any action is taken.

By J. A. O'LEARY.

CONGRESS has become suddenly super-highway conscious. For a number of years sporadic attempts have been made in House or Senate to start a network of transcontinental boulevards, separated from all grade crossings, avoiding city congestion and, in most cases, to be self-liquidating through toll charges. Until recently, however, these proposals were like so many other bills that are introduced, considered and then filed away for future reference.

When business began to slip backward several months ago lawmakers and economists began to look about for new ways to prime the pump, and, along with other proposals, the first month of the present session brought forth a crop of new super-highway bills.

Like the new housing law liberalizing Government insurance of home mortgages, most of the highway plans are intended to be largely self-supporting, as distinguished from the outright grant method so generally used in fighting depression since 1933.

Federal Aid Popular.

During the special session last fall President Roosevelt asked Congress to slow down the regular Federal-aid highway program as one means of bringing the budget closer to a balance. He suggested specifically that no allotments be made for the coming fiscal year and that new authorizations for the next few years be reduced.

Needless to say, the regular Federal-aid program is extremely popular at the Capitol, since it means Federal matching of State expenditures on main arteries. Accordingly, Congress has not yet acted on the suggestion to forego allotments for the coming year, and it is doubtful whether the new authorizations for the fiscal years 1940 and 1941, now pending, will be reduced materially in amount.

Nevertheless, the President's appeal for curtailment of direct grants stimulated interest in the idea of building self-liquidating highways from ocean to ocean and from the northern boundary to the Gulf ports. More recently the super-highway movement gained impetus on the Hill when the President, while not definitely committing himself, indicated an interest in its possibilities, especially the excess condemnation method of development. Under that method the Government would acquire a wider right of way than would be needed for highway purposes and dispose of the abutting property later as a means of helping to finance the program.

Washington to Be Linked.

Whenever the super-highway plan does materialize it is virtually certain Washington will be linked into the system. Two of the pending bills, which undertake to specify exact routes, include the District of Columbia. Many cross-country tourists put the Nation's Capital on their itinerary. In addition, a large volume of motor trucking between Northern and Southern points passes through the District. Even before the super-highway program began to gain its recent momentum there was talk in Congress of building a highway that would carry through traffic from Maryland to the Highway Bridge on the outskirts of the congested area of the city.

Most of the pending plans call for three East-West transcontinental boulevards, with six or seven running north and south. Estimates of cost, over an extended period of years, run as high as \$8,000,000,000.

Creation of employment both on the roads and in factories is the immediate incentive for the proposed legislation, but some of the sponsors cite also the value of these major highways in the system of national defense, as well as a means of promoting highway safety.

The first definite move in the consideration of the subject will be the opening of public hearings Wednesday before a Senate subcommittee on the bill of Senator Buckley, Democrat, of Ohio. This measure would create the United States Highway Corp., with not more than \$100,000,000 of capital stock, and authority to issue up to \$2,000,000,000 of bonds to obtain funds to carry on the highway program.

300-Foot Rights of Way.

The Buckley bill and some of the others avoid possible controversy over routes by leaving detailed plans to governmental agencies. The Buckley measure, which was introduced after the Ohioan had conferred with the President, calls for rights of way at least 300 feet wide, with from 4 to 12 one-way paved lanes, depending on traffic in given areas. Buses and passenger cars would be separated from trucks, curves would be eliminated as far as possible, and there would be no grade crossings, either at railroad or intersecting highways.

The toll rates would be fixed by the highway agency with a view to covering maintenance, policing and retirement of the construction bonds.

The Buckley bill also covers the excess condemnation suggestion of the President. It authorizes the Highway Corp. to acquire a strip up to 450 feet wide on each side of a highway, which may be improved

by the agency or disposed of later and the proceeds applied to amortizing the road program.

There is a diversity of opinion in Congress, however, as to the exact form the legislation should take and how the program should proceed. Among others who have introduced new bills recently are Representative Snyder, Democrat, of Pennsylvania, Representative Keller, Democrat, of Illinois, Representative Seagall, Democrat, of Alabama and Senator J. Hamilton Lewis, Democrat, of West Virginia. Introduced two resolutions last year dealing with the subject.

Loneran Plans Bill.

Still another bill will be introduced soon by Senator Loneran, Democrat, of Connecticut, who began studying the question last fall in consultation with the United States Bureau of Public Roads. The Connecticut Senator describes as a "dream" the plans of those who suggest immediate launching of a Nation-wide super-highway program.

His thought is to concentrate first on the construction of toll-by-passes to take traffic around big cities on existing highways, and by eliminating grade crossings.

"At present there is definite indication that a directional highway from Boston to Washington, absorbing the Merritt Parkway in Connecticut, avoiding New York, Philadelphia and Baltimore, and absorbing parts of Route No. 1, with tolls applicable only to certain units, would be economically justified," said Senator Loneran. "But when we consider the traffic load west of Chicago, it is certain that, at present, the main highways are sufficient to carry the load of traffic without congestion, except at cities. Toll-by-passes could be erected at those points as a start, such units, however, to be installed only on those roads conforming to a straight-line directional route in the transcontinental plan."

Says Cost Too High.

Senator Loneran believes the cost of obtaining rights of way would absorb too much of the total outlay on any project at present to undertake superhighways without utilizing parts of the regular public roads system. He has suggested that after a planning agency has mapped out the directional lines of a transcontinental system a method could be devised to have States grant rights of way, or be required to apply regular Federal aid funds or work relief funds, to roads connecting up with the special highway system.

The bill of Mr. Snyder of Pennsylvania defines in detail the routes of nine cross-country highways, three east-west and six north-south. It allows 16 years for the program, and places the estimated cost at \$8,000,000,000. As introduced on February 8, it makes no definite provision for tolls. It also would give unemployed men between the ages of 50 and 65 preference for employment on the highway construction.

Mr. Keller of Illinois, in his bill, plans 64 shorter routes covering every section of the Nation. Several of them either would start from or pass through Washington. In fact, the National Capital, the various State capitals and other important cities are the main objectives toward which the 64 routes are laid out. This plan contemplates a Government bond issue, with not more than \$5,000,000,000 outstanding at one time. It differs from the toll plans, however, by authorizing the Government to collect a flat annual tax of not less than \$3 from each passenger car and not less than \$10 a year from each commercial vehicle using these roads, to help meet the cost.

Federal Recovery Authority.

The Steagall bill in the House follows the same general principles of the Buckley measure in the Senate, except that the new agency would be known as the Federal Recovery Authority, and the Reconstruction Finance Corp. would be authorized to subscribe to the capital stock of the Authority up to \$100,000,000. The Authority could issue \$2,000,000,000 of bonds a year for four years. The highways would be self-liquidating through tolls, and the excess condemnation feature of acquiring and reselling land adjacent to the new highways.

Three of the House bills have been referred to three different committees—the Steagall measure to Banking and Currency, the Keller bill to Ways and Means and the Snyder proposal to Public Roads. It is not certain which will receive earliest consideration.

Legislation merely outlining the scope of the program and leaving the selection of

routes to the agency designated to carry it out, probably will stand greater chance of enactment than efforts to define the routes in detail in the law. It is not difficult to foresee the possibilities for development of opposition from localities not included in one of these main highway lanes.

Nine Super Highways.

The pending plans are ambitious in scope, several of them calling for airports at the points where the transcontinental highways intersect. Even if they are planned on a self-liquidating basis the success of the undertaking would depend on how the motorists of the country and the industries shipping by highway trucks take to the toll system. In the forthcoming hearings, therefore, the reaction of these vehicle operators will be an important factor.

The nine superhighway routes suggested in Mr. Snyder's bill in the House would traverse the Nation as follows:

Three from East to West, namely:

1. From Boston to Salem, Ore., by way of Albany, Cleveland, Chicago, Rapid City, Yellowstone Park and Council Bluffs, Iowa.

2. From Baltimore to San Francisco, passing through designated points in West Virginia, Indiana, Illinois, Missouri, Colorado, Utah and Nevada.

3. From St. Petersburg, Fla., to Los Angeles, passing through Alabama, Louisiana and Texas.

Six running North and South, on the following general lines:

1. From Fort Myers, Fla., to Augusta, Me., through Georgia, South Carolina, North Carolina, Virginia, the District, Maryland, New Jersey, Connecticut and New Hampshire.

Buffalo to Pensacola.

2. From Buffalo, N. Y., to Pensacola, Fla., through Pennsylvania, West Virginia, Tennessee and Georgia.

3. From Baton Rouge, La., to Chicago, Ill., through Mississippi and Tennessee.

4. From San Antonio, Tex., to Bismarck, N. Dak., through Oklahoma, Kansas, Nebraska and South Dakota.

5. From El Paso, Tex., to Philadelphia, Mont., through New Mexico and Utah.

6. From San Diego, Calif., to Seattle, Wash., along the Pacific Coast.

It is too early to tell whether the super-highway idea will win approval of this Congress. The result is likely to depend on how much backing administration supporters give it and whether any concerted opposition develops when hearings are held on the various plans. But, whatever happens to the superhighway proposals, there are strong indications Congress will not adjourn without providing both current appropriations and future authorizations to keep the regular Federal-aid-to-the States highway program going.

English Feminists Seek Additional Policewomen

LONDON (AP)—A country-wide campaign for more women police has been launched by England's feminists.

Leaders of the campaign assert women police should undertake such duties as searching women's lodgings.

Some 140 police forces in England are without policewomen. Police matrons are used on certain occasions, but the matron must always be accompanied by a policeman.

In the metropolitan area, policewomen have won such recognition that the establishment figure has been raised to 142.

A woman constable receives a minimum salary of 56 shillings (\$14) weekly; a sergeant, 90 shillings (\$22.50).

'37 Irish Linen Output 154 Million Square Yards

BELFAST, Northern Ireland (AP)—Ireland made enough linen in 1937 to put a strip a yard wide three times around the world, and still have some left.

Statistics show that 154,000,000 square yards—equivalent to 88,119 square miles a yard wide—was produced.

The total output for 1937 was valued at \$61,250,000.

5,400 U. S. Tourists Take Cars to Reich in Year

BERLIN (AP)—Five thousand four hundred tourists from the United States brought their automobiles to Germany between July, 1936, and June, 1937, according to official statistics. This is the highest number for any single year.

U.S. Parallel Diplomacy Keeps Britain Handy if War Breaks

Congress Befuddled by Foreign Policy That Means "Lone Wolf" America Might Join Democracy's Pack.

By CONSTANTINE BROWN.

THE introduction of the \$800,000,000 naval appropriation bill has given an opportunity to members of Congress, both friends and foes of the administration, to probe the foreign policy of the Government.

Members of Congress are at a loss to understand whether we are going. Some believe that the President has certain definite conceptions of which not even the State Department is aware; others think that both the President and Mr. Hull are drifting with events. Finally, a large number of them, and this includes outside observers as well, have a deep-rooted suspicion that the administration is playing "follow the leader"—the leader being the foreign office in London. They suspect the British foreign secretary of holding the pitchpipe and making us sing to the tune from Downing Street.

To all this the high officials of the State Department answer with an injured air: "We can't understand what these people are driving at. There has not been a single administration in the last 25 years which has had a more open policy or which has played a franker game with the other nations. We have placed the cards on the table since 1933 and we are holding no aces up our sleeve."

Peace Paramount Policy.

"The principles guiding our intercourse with foreign nations are as easy to understand as the A B C. We want peace. This is the paramount objective of our foreign policy. We want a strong national defense because in these days of uncertainty we must be sheltered against any storm which may break over our head. We believe, despite all the apparent signs to the contrary, that peace can be obtained in the world. All that is needed is a better understanding of the needs and the psychology of the nations opposing each other."

"Mutual concessions would level the road to peace. We believe in the nations respecting international obligations and treaties signed of their own volition. Without this respect there can be no lasting understanding among nations. We believe that reciprocal agreements will, in the long run, replace the present regional agreements and open a new vista for human happiness. We still believe in limitation and reduction of armaments and, at the propitious moment, are prepared to join any effort from whatever quarter to bring an end to this mad arms race."

"We reject any thought of entangling alliances. We have made none and do not intend to make any. We are following an American policy and nothing else."

Recalls Battlefield Episode.

These inspiring and pious expressions, which can be heard at any time from administration leaders in Washington, remind this writer of an incident which he witnessed on the Rumanian battlefields in September, 1918:

During the World War the Russian government sent an army corps to aid the Rumanian Army to resist the German-Bulgarian onslaught from the south. The army corps was commanded by a general named Zainchikowsky, a tall, good-looking soldier. When the news reached him that his divisions would be faced by an enemy attack within 48 hours, he did not lose his head. He issued strict orders to his officers to see that every man had his buttons sewed on his uniform; that said buttons should be polished according to regulations; that the appearance of the men should be "soldierly"; that the officers and men should not neglect to shave at least every second day.

The Germans attacked, and the Russo-Rumanian forces were routed only after a few hours' battle.

There is a certain similarity between the order of the day issued by Zainchikowsky on the eve of an important battle and the line of conduct allegedly adopted by the Washington administration in international affairs.

If the principles enunciated by Washington officials are unchangeably correct, it would appear that President Roosevelt and Secretary Hull place emphasis on the shine of the brass buttons on the soldiers' tunics rather than in their fighting ability.

To talk about reduction and limitation of armaments when every nation in the world is spending every cent it can lay hands on for military preparations seems unrealistic, to say the least. To talk about the advantage to humanity of trade agreements at a time when the military prestige of a nation determines its economic relations with its neighbors falls into the same category.

Dubious Peace Recipe.

That nobody in this country wants war is axiomatic, but not by the recipe suggested by the State Department can peace be maintained.

Even the State Department humanitarians do not deny that this country can follow only two courses: One, to cut adrift from the rest of the world which is in a state of semi-madness today, confine our efforts to this country alone and concentrate, if possible, on developing a national economy to fit new conditions applicable to the Western Hemisphere only; to ignore completely events across the Atlantic and the Pacific, confident that the American Navy and American aviation are strong enough to discourage aggression from any quarter.

Second, to maintain a lone wolf policy with the strength of the lone wolf, and, while making no definite agreements or entangling alliances, co-operate with such nations as fit into our plan of action.

Because of somewhat complicated and lengthy economic considerations the discussion of the first course will be treated in a following article. For the time being we shall confine ourselves to an analysis of the second course.

Unless President Roosevelt spoke out of turn in Chicago on October 5—unless Secretary Cordell Hull did not express himself clearly three weeks later in Toronto, Can-

ada, when he told his audience that nations can no longer live a solitary, isolated life, there is no doubt that the administration has been following in recent years a policy of co-operation with other democratic states, "for the good of world peace."

The State Department is averse to use of the word "co-operation." It does not sound right to the ears of the general public. Instead it has chosen the word "parallelism." We have been paralleling with Great Britain ever since the Italians went into Ethiopia. Sometimes the British have not quite understood the meaning of the word, but that "must be overlooked."

There is no written agreement between the two governments regarding common action in the Far East or elsewhere; there is no need for such an agreement in "parallel diplomacy." The interests of the two nations never meet—like parallel lines—yet they are in many cases similar.

The Secretary of State was correct when he emphatically denied the existence of a definite understanding between the two governments. But there might be a parallelism between the eventual action of the two navies. And if we look back in the files of 1936 we find a statement made by the former British premier, Stanley Baldwin, in the House of Commons, indicating that the British government was willing to place at the disposal of the United States Navy the facilities of the world's most important naval base—Singapore. There is no written or verbal agreement about that. It is not necessary. But should a parallel action be deemed necessary to curb the growing appetite of the Japanese militarists, there is nothing to prevent the United States Fleet from using Singapore, and possibly Hong Kong, to repair its ships which might find themselves in the Pacific.

U. S. Navy Confident.

American naval experts, who know the relative strength of the various fleets our Navy may some day be called to meet, say that we do not need help from the British fleet. Should our national interests require a blockade of Japan, after all other means of persuasion have failed, every one is confident the United States warships can do the job thoroughly. There is no single officer who has been with the fleet in the last 12 months who is not fully convinced of this.

If now and then there have been intimations that in such an eventuality the presence of some British units would be desirable, the reason is that the "realists" want to avoid an end of the parallelism when it might suit the convenience of the British government. Although there are no definite or indefinite commitments between the two governments regarding the various tasks their naval forces might be given, it is explained in official circles in Washington that a preliminary exchange of information between friendly nations is necessary. In fact, the naval agreement of 1936 provides for an interchange of information between the governments regarding their building programs and the progress of the ships which are on the slips.

Toward the end of January this year Capt. Ingersoll, chief of the War Plans Division in the Navy Department, was sent to London. Sensational reports indicated that Capt. Ingersoll's visit was shrouded with the utmost secrecy; that he landed in a small port under an assumed name and was rushed to London, where he was kept in a secluded apartment; that the British admirals and generals gave him the "inside" of all the British war plans and the latest on the Japanese building; that Ingersoll had with him conclusive proofs that the Japanese are building not only superbattleships, but also fast, small, yet deadly mosquito vessels with incredible cruising radius. The story, as printed in some of the "confidential" reports circulated at the price of \$250 a year, was better than most of the Oppenheim novels.

Secrecy Rumor Punctured.

The truth is that Ingersoll went to London under his own name. His departure was kept confidential in Washington and his arrival in London was not publicized. But the report that the chief of the War Plans Division was sent on what is termed officially an unimportant errand does not hold water.

It appears from indiscreet tidbits from London, which have reached Washington recently, that he did discuss with the admiralty all the "possibilities" which might develop in the near future in this uncertain world. He is believed to have obtained first-hand information regarding British plans of action in the Atlantic and in the Pacific and to have acquainted the British admirals with the potentialities of the American Navy. That certain technical aspects of the situation—such as the construction of 40,000 or 42,000 ton battleships carrying 16 or 18 inch guns—were discussed is natural. But the Chief of the War Plans Division undoubtedly discussed other more pressing subjects. Despite the fact that in Washington the right hand does not always know what the left is doing, the State Department must have been fully informed of the scope and the results of Capt. Ingersoll's mission to the capital of the British Empire.

Admittedly Significant.

The visit of the American naval officer to London must not be overemphasized, yet it is sufficiently significant, taking all other factors into consideration, to indicate that the lone wolf might under certain circumstances tie up, at least for a while, with the pack.